

ASSEMBLY BILL

No. 1923

Introduced by Assembly Member Wood

February 11, 2016

An act to amend Section 399.20 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1923, as introduced, Wood. Renewable feed-in tariff.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law requires every electrical corporation to file with the commission a standard tariff for electricity generated by an electric generation facility, as defined, that qualifies for the tariff, is owned and operated by a retail customer of the electrical corporation, and is located within the service territory of, and developed to sell electricity to, the electrical corporation. The commission refers to this requirement as the renewable feed-in tariff. Existing law requires that, in order to qualify for the tariff, the electric generation facility: (1) have an effective capacity of not more than 3 megawatts, subject to the authority of the commission to reduce this megawatt limitation, (2) be interconnected and operate in parallel with the electric transmission and distribution grid, (3) be strategically located and interconnected to the electrical transmission and distribution system in a manner that optimizes the deliverability of electricity generated at the facility to load centers, and (4) meet the definition of an eligible renewable energy resource under the California Renewables Portfolio Standard Program.

This bill would modify the first requirement for an electric generation facility to be eligible for the renewable feed-in tariff to provide that a

facility with a nameplate generating capacity of up to 5 megawatts is not made ineligible by that requirement, if it runs at a maximum of 3 megawatts.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 399.20 of the Public Utilities Code is
2 amended to read:

3 399.20. (a) It is the policy of this state and the intent of the
4 Legislature to encourage electrical generation from eligible
5 renewable energy resources.

6 (b) As used in this section, “electric generation facility” means
7 an electric generation facility located within the service territory
8 of, and developed to sell electricity to, an electrical corporation
9 that meets all of the following criteria:

10 (1) Has an effective *operating* capacity of not more than three
11 megawatts. *An electric generation facility with a nameplate*
12 *generating capacity of up to five megawatts is not made ineligible*
13 *by this requirement, if it runs at a maximum of three megawatts.*

14 (2) Is interconnected and operates in parallel with the electrical
15 transmission and distribution grid.

16 (3) Is strategically located and interconnected to the electrical
17 transmission and distribution grid in a manner that optimizes the
18 deliverability of electricity generated at the facility to load centers.

19 (4) Is an eligible renewable energy resource.

20 (c) Every electrical corporation shall file with the commission
21 a standard tariff for electricity purchased from an electric
22 generation facility. The commission may modify or adjust the
23 requirements of this section for any electrical corporation with less
24 than 100,000 service connections, as individual circumstances
25 merit.

26 (d) (1) The tariff shall provide for payment for every
27 kilowatthour of electricity purchased from an electric generation
28 facility for a period of 10, 15, or 20 years, as authorized by the
29 commission. The payment shall be the market price determined
30 by the commission pursuant to paragraph (2) and shall include all
31 current and anticipated environmental compliance costs, including,
32 but not limited to, mitigation of emissions of greenhouse gases

1 and air pollution offsets associated with the operation of new
2 generating facilities in the local air pollution control or air quality
3 management district where the electric generation facility is
4 located.

5 (2) The commission shall establish a methodology to determine
6 the market price of electricity for terms corresponding to the length
7 of contracts with an electric generation facility, in consideration
8 of the following:

9 (A) The long-term market price of electricity for fixed price
10 contracts, determined pursuant to an electrical corporation's general
11 procurement activities as authorized by the commission.

12 (B) The long-term ownership, operating, and fixed-price fuel
13 costs associated with fixed-price electricity from new generating
14 facilities.

15 (C) The value of different electricity products including
16 baseload, peaking, and as-available electricity.

17 (3) The commission may adjust the payment rate to reflect the
18 value of every kilowatthour of electricity generated on a
19 time-of-delivery basis.

20 (4) The commission shall ensure, with respect to rates and
21 charges, that ratepayers that do not receive service pursuant to the
22 tariff are indifferent to whether a ratepayer with an electric
23 generation facility receives service pursuant to the tariff.

24 (e) An electrical corporation shall provide expedited
25 interconnection procedures to an electric generation facility located
26 on a distribution circuit that generates electricity at a time and in
27 a manner so as to offset the peak demand on the distribution circuit,
28 if the electrical corporation determines that the electric generation
29 facility will not adversely affect the distribution grid. The
30 commission shall consider and may establish a value for an electric
31 generation facility located on a distribution circuit that generates
32 electricity at a time and in a manner so as to offset the peak demand
33 on the distribution circuit.

34 (f) (1) An electrical corporation shall make the tariff available
35 to the owner or operator of an electric generation facility within
36 the service territory of the electrical corporation, upon request, on
37 a first-come-first-served basis, until the electrical corporation meets
38 its proportionate share of a statewide cap of 750 megawatts
39 cumulative rated generation capacity served under this section and
40 Section 387.6. The proportionate share shall be calculated based

1 on the ratio of the electrical corporation's peak demand compared
2 to the total statewide peak demand.

3 (2) By June 1, 2013, the commission shall, in addition to the
4 750 megawatts identified in paragraph (1), direct the electrical
5 corporations to collectively procure at least 250 megawatts of
6 cumulative rated generating capacity from developers of bioenergy
7 projects that commence operation on or after June 1, 2013. The
8 commission shall, for each electrical corporation, allocate shares
9 of the additional 250 megawatts based on the ratio of each electrical
10 corporation's peak demand compared to the total statewide peak
11 demand. In implementing this paragraph, the commission shall do
12 all of the following:

13 (A) Allocate the 250 megawatts identified in this paragraph
14 among the electrical corporations based on the following
15 categories:

16 (i) For biogas from wastewater treatment, municipal organic
17 waste diversion, food processing, and codigestion, 110 megawatts.

18 (ii) For dairy and other agricultural bioenergy, 90 megawatts.

19 (iii) For bioenergy using byproducts of sustainable forest
20 management, 50 megawatts. Allocations under this category shall
21 be determined based on the proportion of bioenergy that sustainable
22 forest management providers derive from sustainable forest
23 management in fire threat treatment areas, as designated by the
24 Department of Forestry and Fire Protection.

25 (B) Direct the electrical corporations to develop standard
26 contract terms and conditions that reflect the operational
27 characteristics of the projects, and to provide a streamlined
28 contracting process.

29 (C) Coordinate, to the maximum extent feasible, any incentive
30 or subsidy programs for bioenergy with the agencies listed in
31 subparagraph (A) of paragraph (3) in order to provide maximum
32 benefits to ratepayers and to ensure that incentives are used to
33 reduce contract prices.

34 (D) The commission shall encourage gas and electrical
35 corporations to develop and offer programs and services to facilitate
36 development of in-state biogas for a broad range of purposes.

37 (3) (A) The commission, in consultation with the State Energy
38 Resources Conservation and Development Commission, the State
39 Air Resources Board, the Department of Forestry and Fire
40 Protection, the Department of Food and Agriculture, and the

1 Department of Resources Recycling and Recovery, may review
2 the allocations of the 250 additional megawatts identified in
3 paragraph (2) to determine if those allocations are appropriate.

4 (B) If the commission finds that the allocations of the 250
5 additional megawatts identified in paragraph (2) are not
6 appropriate, the commission may reallocate the 250 megawatts
7 among the categories established in subparagraph (A) of paragraph
8 (2).

9 (4) For the purposes of this subdivision, “bioenergy” means
10 biogas and biomass.

11 (g) The electrical corporation may make the terms of the tariff
12 available to owners and operators of an electric generation facility
13 in the form of a standard contract subject to commission approval.

14 (h) Every kilowatthour of electricity purchased from an electric
15 generation facility shall count toward meeting the electrical
16 corporation’s renewables portfolio standard annual procurement
17 targets for purposes of paragraph (1) of subdivision (b) of Section
18 399.15.

19 (i) The physical generating capacity of an electric generation
20 facility shall count toward the electrical corporation’s resource
21 adequacy requirement for purposes of Section 380.

22 (j) (1) The commission shall establish performance standards
23 for any electric generation facility that has a capacity greater than
24 one megawatt to ensure that those facilities are constructed,
25 operated, and maintained to generate the expected annual net
26 production of electricity and do not impact system reliability.

27 (2) The commission may reduce the three megawatt capacity
28 limitation of paragraph (1) of subdivision (b) if the commission
29 finds that a reduced capacity limitation is necessary to maintain
30 system reliability within that electrical corporation’s service
31 territory.

32 (k) (1) Any owner or operator of an electric generation facility
33 that received ratepayer-funded incentives in accordance with
34 Section 379.6 of this code, or with Section 25782 of the Public
35 Resources Code, and participated in a net metering program
36 pursuant to Sections 2827, 2827.9, and 2827.10 of this code prior
37 to January 1, 2010, shall be eligible for a tariff or standard contract
38 filed by an electrical corporation pursuant to this section.

39 (2) In establishing the tariffs or standard contracts pursuant to
40 this section, the commission shall consider ratepayer-funded

1 incentive payments previously received by the generation facility
2 pursuant to Section 379.6 of this code or Section 25782 of the
3 Public Resources Code. The commission shall require
4 reimbursement of any funds received from these incentive
5 programs to an electric generation facility, in order for that facility
6 to be eligible for a tariff or standard contract filed by an electrical
7 corporation pursuant to this section, unless the commission
8 determines ratepayers have received sufficient value from the
9 incentives provided to the facility based on how long the project
10 has been in operation and the amount of renewable electricity
11 previously generated by the facility.

12 (3) A customer that receives service under a tariff or contract
13 approved by the commission pursuant to this section is not eligible
14 to participate in any net metering program.

15 (l) An owner or operator of an electric generation facility
16 electing to receive service under a tariff or contract approved by
17 the commission shall continue to receive service under the tariff
18 or contract until either of the following occurs:

19 (1) The owner or operator of an electric generation facility no
20 longer meets the eligibility requirements for receiving service
21 pursuant to the tariff or contract.

22 (2) The period of service established by the commission pursuant
23 to subdivision (d) is completed.

24 (m) Within 10 days of receipt of a request for a tariff pursuant
25 to this section from an owner or operator of an electric generation
26 facility, the electrical corporation that receives the request shall
27 post a copy of the request on its Internet Web site. The information
28 posted on the Internet Web site shall include the name of the city
29 in which the facility is located, but information that is proprietary
30 and confidential, including, but not limited to, address information
31 beyond the name of the city in which the facility is located, shall
32 be redacted.

33 (n) An electrical corporation may deny a tariff request pursuant
34 to this section if the electrical corporation makes any of the
35 following findings:

36 (1) The electric generation facility does not meet the
37 requirements of this section.

38 (2) The transmission or distribution grid that would serve as the
39 point of interconnection is inadequate.

1 (3) The electric generation facility does not meet all applicable
2 state and local laws and building standards and utility
3 interconnection requirements.

4 (4) The aggregate of all electric generating facilities on a
5 distribution circuit would adversely impact utility operation and
6 load restoration efforts of the distribution system.

7 (o) Upon receiving a notice of denial from an electrical
8 corporation, the owner or operator of the electric generation facility
9 denied a tariff pursuant to this section shall have the right to appeal
10 that decision to the commission.

11 (p) In order to ensure the safety and reliability of electric
12 generation facilities, the owner of an electric generation facility
13 receiving a tariff pursuant to this section shall provide an inspection
14 and maintenance report to the electrical corporation at least once
15 every other year. The inspection and maintenance report shall be
16 prepared at the owner's or operator's expense by a
17 California-licensed contractor who is not the owner or operator of
18 the electric generation facility. A California-licensed electrician
19 shall perform the inspection of the electrical portion of the
20 generation facility.

21 (q) The contract between the electric generation facility
22 receiving the tariff and the electrical corporation shall contain
23 provisions that ensure that construction of the electric generating
24 facility complies with all applicable state and local laws and
25 building standards, and utility interconnection requirements.

26 (r) (1) All construction and installation of facilities of the
27 electrical corporation, including at the point of the output meter
28 or at the transmission or distribution grid, shall be performed only
29 by that electrical corporation.

30 (2) All interconnection facilities installed on the electrical
31 corporation's side of the transfer point for electricity between the
32 electrical corporation and the electrical conductors of the electric
33 generation facility shall be owned, operated, and maintained only
34 by the electrical corporation. The ownership, installation, operation,
35 reading, and testing of revenue metering equipment for electric
36 generating facilities shall only be performed by the electrical
37 corporation.

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